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SUBJECT: OIL EXPLORATION IN THE GAMBIA

¶1. Summary: Ambassador met with Country Representative Gary Griffin of Buried Hill Energy (Cyprus) for an update on the petroleum exploration contract with the Government of The Gambia. Buried Hill, a small wildcatter, has been operating in The Gambia since 2002. They were awarded licenses to explore two offshore blocks, A1 and A4, which according to Buried Hill, studies and analysis have potential for oil discovery. Availability and cost of leasing drill rigs have affected the anticipated start date for drilling.

¶2. In a meeting with Ambassador, Buried Hill Energy Country Representative provided updates to the agreement the company has with the Government of The Gambia (GOTG) for offshore petroleum exploration. One of the conditions of the 30 year agreement was that drilling would commence in early 2009. Griffin explained that the price of crude and discoveries in Ghana and Brazil had made cost of leasing drilling rigs prohibitive for their small company. One rig which was supposedly available to the company was leased by Ghana at a cost of \$675,000 per day. The leasing company wanted a three year minimum lease and Buried Hill was looking for 90 day leasing.

¶3. In a recent meeting with officials, the drill by date was extended until the end of 2010. Griffin indicated that Buried Hill was interested in a partner for the venture, but drilling start up would not be affected without one. They would however, welcome expressions of interest from US companies. He indicated that the recent drop in world oil prices was an advantage for them in that more rigs would be available and less costly to lease. Buried Hill will soon conduct operations seminar for local workers who will be employed once drilling commences. Griffin is also taking a small delegation of GOTG officials headed by the Secretary General to head offices in Calgary in January 2009.

¶4. Comment: Since Buried Hill as a small company has been on the ground in The Gambia since 2002, they are reasonably confident of a positive exploration outcome. Griffin is reasonably confident that the company has a good contract with the GOTG, but is aware of the risks associated with doing business here.

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